

# EXHIBIT 48

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Santa Cruz County

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18 SUPERIOR COURT OF THE STATE OF CALIFORNIA

19 COUNTY OF SANTA CRUZ

21 PEOPLE OF THE STATE OF CALIFORNIA AND ) NO. 92767  
22 THE DIRECTOR OF THE DEPARTMENT OF )  
23 HEALTH SERVICES, ) FINAL JUDGMENT  
24 Plaintiffs, ) AND  
25 vs. ) PERMANENT INJUNCTION  
26 )  
27 HERBALIFE INTERNATIONAL, INC., a )  
28 California corporation, and MARK )  
HUGHES, et al. )  
Defendants )

(K)

1       The People of the State of California and the Director  
2 of the Department of Health Services, having filed their  
3 complaint herein and defendants having been served with a  
4 summons and a copy of the complaint filed herein; and defen-  
5 dants Herbalife International, Inc. (herein Herbalife), a  
6 California corporation, and Mark Hughes, an individual, having  
7 filed their answer to the complaint; and plaintiffs appearing  
8 through their attorneys John Van de Kamp, Attorney General,  
9 Herschel T. Elkins and Charlton Holland, Assistant Attorneys  
10 General; Albert Norman Shelden and Peter G. DeMauro, Deputy  
11 Attorneys General, by Albert Norman Shelden and Peter G.  
12 DeMauro, and Arthur Danner III, District Attorney of Santa  
13 Cruz, Don Gartner, Assistant District Attorney, by Don Gartner;  
14 and defendants Herbalife and Mark Hughes appearing through  
15 their attorneys Law Offices of Conrad Lee Klein by Conrad Lee  
16 Klein; and

17       It appearing that plaintiffs, the People of the State of  
18 California and the Director of the Department of Health  
19 Services, and defendants above named, personally and through  
20 their attorneys, have stipulated and consented to the entry  
21 of this final judgment and permanent injunction prior to the  
22 taking of any proof and without trial or adjudication of any  
23 fact or law herein and without this final judgment constituting  
24 evidence or an admission by said defendants regarding any issue  
25 or any fact alleged in said complaint, defendants having denied  
26 the allegations in the complaint;

27                   NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND  
28 DECREED:

1       1. This court has jurisdiction in the State of  
2 California over the subject matter hereof and the parties  
3 hereto.

4       2. The provisions of this final judgment are applicable  
5 to: (a) defendants, Herbalife, Mark Hughes, and each of them,  
6 and their respective successors in interest, whether corporate  
7 or otherwise, and (b) those officers, directors and employees  
8 of said defendants and any other entities acting under, by or  
9 on behalf of either such defendant or pursuant to their direc-  
10 tion, who have notice of this injunction.

11       3. Pursuant to Business and Professions Code Sections  
12 17203 and 17535, defendants are hereby permanently enjoined  
13 and restrained from:

14       A. Using or causing to be used pages B-3 through B-10  
15 of the Official Career Book which bears a copyright date of  
16 1982.

17       B. Representing that defendants' products contain herbs:  
18 (1) which in and of themselves naturally curb the appetite;  
19 (2) which burn off calories; or, (3) which naturally cleanse  
20 the system. Defendants, however, are not restrained from  
21 representing that the herbs when used in the quantity recom-  
22 mended by defendants assist the natural self-cleansing func-  
23 tion of the body, if there is a reasonable basis therefor.

24       C. Representing that one who uses defendants' products  
25 will lose weight without a reduction in the user's caloric  
26 intake.

27       D. Representing that defendants' Formula #2 is helpful  
28 for the conditions or organs enumerated in the complaint on

1 file at page 14, lines 8-27.  
2

3       E. Representing that because of its iodine content, the  
4 use of kelp in Formula #2 is valuable in a weight reduction  
5 program.

6       F. Representing that the inclusion of lecithin in  
7 Formula #2 will result in an inch loss from fatty areas.

8       G. Representing that the manner in which defendants  
9 include cider vinegar in Formula #2 acts to help curb the  
10 appetite.

11      H. Representing that because of the herbs and the  
12 manner in which they are included in Herbalife's products,  
13 the use of such products will cleanse the villi and help  
14 prevent the clogging of the villi in the intestine. Defendants  
15 however, are not restrained from representing that the  
16 effect of the herbs as used in their product on the villous  
17 portion of the digestive tract is to aid its nutrient absorption  
18 function, if there is a reasonable basis therefor.

19      I. Representing that the Herbalife Cell-U-Loss product:  
20 (1) contains herbs which on their own naturally eliminate  
21 "cellulite" or the appearance of "cellulite"; (2) has the  
22 medicinal properties which are helpful for the conditions or  
23 organs enumerated in the complaint herein at pages 15-16  
24 lines 25-3; or (3) directs weight loss to particular portions  
25 of the body. Defendants, however, are not restrained from  
26 representing that Cell-U-Loss is a unique vitamin, mineral  
27 and herb formula which assists elimination of excess fluids  
28 and helps reduce the appearance of "cellulite", if there is a  
reasonable basis therefor.

1           J. Representing that the Herbalife N.R.G product: (1)  
2 naturally increases energy; (2) naturally provides a nutri-  
3 tional lift; (3) has the medical action and uses enumerated  
4 in the complaint herein at page 16, lines 19-24; (4) helps  
5 to reduce hunger; or (5) that the product is a nutritional  
6 factor in health. Defendants, however, are not restrained  
7 from representing that N.R.G. provides a tremendous lift,  
8 aids mental alertness and reduces feelings of fatigue, if  
9 there is a reasonable basis therefor.

10           K. Failing to disclose in the career book and on the  
11 label that one of guarana's components is caffeine.

12           L. Representing that the Herbalifeline product: (1)  
13 dissipates the abnormal build-up of plaque in the arteries,  
14 or (2) provides protection for the entire vascular system.  
15 Defendants, however, are not restrained from representing that  
16 Herbalifeline includes several nutritional factors important  
17 for health, in a base of carefully selected herbs and supplies  
18 a full-spectrum marine source lipid complex, which is parti-  
19 cularly rich in Omega 3 fatty acids, which are considered by  
20 various scientific experts to play a role in good cardiovas-  
21 cular health, if there is a reasonable basis therefor.

22           M. Representing that the Herbalife Schizandra Plus  
23 product helps to combat damage that can lead to premature aging.  
24 Defendants, however, are not restrained from representing that  
25 the nutrients in this product help combat premature damage to  
26 cells from toxins in the environment, and aid cell integrity,  
27 if there is reasonable basis therefor.

28           N. Representing that Tang Kuei relieves menstrual dis-

1 orders. Defendants, however, are not restrained from repre-  
2 senting that Tang Kuei is an herbally based formula which  
3 nutritionally helps with the normal discomforts associated  
4 with the menstrual function, if there is a reasonable basis  
5 therefor.

6 O. Representing that Flora Fiber restores flow in the  
7 intestine and prevents disease. Defendants, however, are not  
8 restrained from representing that Flora fiber helps recon-  
9 stitute and maintain essential flora of the gastrointestinal  
10 tract, provides fiber for a natural cleansing effect on the  
11 intestinal tract and helps contribute to a proper diet, if  
12 there is a reasonable basis therefor.

13 P. Representing that K-8 stops or affects psycho-neurotic  
14 depression. Defendants, however, are not restrained from  
15 representing that K-8 is an herbal formula with amino acids  
16 which helps to naturally offset feelings of temporary stress  
17 and moodiness, if there is a reasonable basis therefor.

18 Q. Making false or misleading representations with  
19 respect to any specific goals for participants in defendants'  
20 marketing program relating to the number of new customers or  
21 new participants a participant may obtain within a specific  
22 time period or an amount of money a participant may earn  
23 through bonuses and overrides.

24 R. Representing that defendants' offer their products  
25 with a "100% Satisfaction Guarantee (or your money back)" or  
26 any other such refund offer unless: (1) defendants in a  
27 clear and conspicuous manner disclose any limitations which  
28 apply to the refund offer at the time the refund offer is

1 disclosed; and, (2) defendants continue to clearly inform  
2 participants in their marketing program of such participants'  
3 obligations vis-a-vis a purchaser who invokes the refund  
4 offer, if participants in defendants' marketing program have  
5 any such obligation.

6 S. Defendants shall not use any "live" testimonials  
7 relating to the experience the individual giving the testi-  
8 monial had with one or more of defendants' products unless  
9 prior to the taking of any testimonials at live presentations,  
10 defendants shall indicate, orally or in a separate or conspic-  
11 uous writing, to those giving testimonials that: (1) testi-  
12 monials cannot contain any untrue or misleading representa-  
13 tions; (2) testimonials regarding any of defendants' weight  
14 loss products or products for special dietary use may not  
15 describe curative or preventive properties or experiences for  
16 disease or illness. Provided, however, defendants may indi-  
17 cate that an individual giving a testimonial may, if it is  
18 true as to that individual, make reference to general feel-  
19 ings of well-being as well as make reference to a product's  
20 effect to the same extent that defendants' can refer to that  
21 product's effect. If defendants have reason to believe that  
22 a testimonial in contravention of the above has been given  
23 they shall, no later than at the conclusion of the testimonial  
24 portion of the presentation, disavow such testimonial to  
25 those physically in the audience, and shall not thereafter  
26 utilize such contravening testimonial in any manner. If  
27 defendants have reason to believe that an individual either  
28 gave a testimonial in violation of (1), above, or continues

1 to give testimonials in violation of (2), above, then defendants  
2 shall not permit that person to again offer testimonials  
3 for defendants' product(s). The provisions of this  
4 paragraph "S" shall not apply to any live training meetings  
5 given only for and attended by distributors of Herbalife  
6 products; provided, however, representations or claims for  
7 defendants products not allowed to be made pursuant to this  
8 judgment shall not be made at such meetings.  
9

10 T. (1) Subject to the exceptions in Section 6, below,  
11 engaging in the following described conduct: (a) Representing  
12 or implying that any current product of defendants diagnoses,  
13 cures, mitigates, treats or prevents disease if the product  
14 is a "new drug" as defined in Health and Safety Code Section  
15 26021 disease unless defendants have first complied with the  
16 requirements of Health and Safety Code Section 26670 (a) or  
17 (b) and having the representations made for any products  
18 comply with the provisions of Health and Safety Code Sections  
19 26660 and 26661, if those sections are applicable; (b) Offer-  
20 ing for sale any drug unless it is safe and effective or any  
21 food unless it is safe and defendants have a reasonable basis  
22 for the claims made for such drug or food; (c) Representing  
23 that defendants' Formula 2 is helpful for any physical disorder  
24 or disease. The provisions set forth in subsection (a) of  
25 Section T do not apply to Herbatan and APR because those  
26 products, as of the date of this judgment, are not considered  
27 new drugs by the plaintiffs so long as the products are in  
28 compliance with over-the-counter monographs of the Food and  
Drug Administration and advertising for such is in conformity

1 with the standards therein; but plaintiffs' right to enforce  
2 applicable laws are not affected hereby.  
3

4 (2) If plaintiffs claim that any conduct not con-  
5 forming to the preceding paragraph has been engaged in, then  
6 plaintiffs shall proceed against defendants therefor, if at  
7 all, by taking action pursuant to Business and Professions  
8 Code sections 17200 et seq. and 17500 et seq., or the appli-  
9 cable Health and Safety Code sections, or any other statutory  
10 provisions, but not by direct enforcement of this judgment,  
as for example, by way of contempt.  
11

12 (3) Nothing contained in this Section T shall be  
13 deemed to be a limitation on any other provision, or the  
14 method of enforcement of any other provision, of this judgment  
15 nor the penalties, if any, which may be available under the  
16 provisions of Sections 17207 and 17535.5 of the California  
17 Business and Professions Code.  
18

19 4. Whenever a "reasonable basis" for a representation  
20 or claim is required pursuant to the terms of this judgment,  
21 such basis does not exist if the defendants knew or in the  
22 exercise of reasonable care should have known that the repre-  
23 sentation or claim was untrue or misleading at the time it was  
made.  
24

25 5. A. Defendants shall not establish, maintain or  
26 operate a marketing program in which:  
27

28 (1) A participant pays a valuable consideration for the  
chance in whole or in part, to receive, either directly or  
indirectly, compensation, which is based on other than retail  
sales for introducing one or more additional persons into

1 participation in defendants' marketing program or for the  
2 chance to receive compensation, either directly or indirectly,  
3 when the newly introduced participant introduces a new parti-  
4 cipant into defendants' marketing program;

5 (2) Any compensation, however denominated (including  
6 but not limited to "commissions," "overrides," "achievement  
7 bonuses," or any term of similar import), defendants pay or  
8 participants receive is based upon anything other than the  
9 retail sale of defendants' products; and

10 (3) A participant can obtain any specific level in  
11 defendants' marketing program based upon criteria other than  
12 the amount of retail sales made by the participant or person(s)  
13 introduced into defendants' marketing program by the partici-  
14 pant.

15 B. Defendants shall be in compliance with this Section  
16 5, as long as a verification or documentation system they  
17 implement allows them, at any given point in time, to verify  
18 or document to plaintiffs that any and all participants who  
19 receive commissions, bonuses, overrides and/or advancement  
20 from defendants in defendants marketing program, after entry  
21 entry of this judgment, are based on retail sales made by  
22 or through such participant(s) or others introduced directly  
23 or indirectly under participant(s). Plaintiffs shall not  
24 seek such verification or documentation prior to 90 days  
25 after entry of this judgment, and defendants shall be in  
26 compliance with this verification or documentation requirement  
27 if their records are current and accurate to a point in time  
28 which does not precede plaintiffs' request for verification

1 or documentation by more than 90 days. Plaintiffs' request  
2 for verification or documentation of retail sales shall be  
3 made to defendants counsel of record.

4 C. The term "retail sale" as used in this Section 5  
5 means a sale of defendants' product(s) in any of the following  
6 situations: (1) to persons who are not part of defendant's  
7 marketing program or distribution system; or, (2) to persons  
8 who are not buying to become part of defendants' marketing  
9 program or distribution system; or, (3) to persons who,  
10 although desirous of becoming or who are a part of defendants'  
11 marketing plan or distribution system are buying for their  
12 own personal or family use.

13 6. Notwithstanding anything to the contrary herein,  
14 defendants shall not be in violation of this final judgment  
15 and permanent injunction by advertising, offering or selling  
16 products:

17 A. In compliance with Federal regulations relating to  
18 foods for special dietary use as such regulations are adopted  
19 by California Health and Safety Code Section 26208 or any suc-  
20 cessor sections; provided however, advertisements or offers  
21 which exceed the scope of such regulations or relate to  
22 issues not covered by such regulations are to that extent,  
23 subject to the provisions of Section 3.

24 B. In compliance with guidelines established and approved  
25 by the Federal Food and Drug Administration in over-the-counter  
26 monographs; or other Federal Food and Drug Administration  
27 criteria, provided however, advertisements or offers which  
exceed the scope of such guidelines or relate to issues not

1 covered by such guidelines are to that extent, subject to the  
2 provisions of Section 3.

3 C. In compliance with California Health and Safety  
4 Code Sections 26000 through 26851, commonly known as the  
5 Sherman Food, Drug and Cosmetic Act.

6 D. Which are introduced after the date of this judgment  
7 or which are current but which in a material manner have  
8 been reformulated and for which there is a reasonable basis  
9 to support any claims or representations made for such  
10 products.

11 E. For which there is a newly acquired reasonable basis  
12 to support any claims or representations made for such  
13 products.

14 F. In manner now prohibited by law but which sub-  
15 sequently becomes legally permissible.

17 7. Defendants shall not represent in advertising that  
18 their marketing plan or product claims have been approved  
19 by this court, the California Attorney General's office,  
20 the California Department of Health Services, the Santa  
21 Cruz County District Attorney's office or any other govern-  
22 mental agency. Provided, however, defendants may represent,  
23 after the entry of this judgment, that the action evidenced  
24 by the complaint on file herein, has been settled and is no  
25 longer pending and defendants in conformity with the provi-  
26 sions hereof can legally continue to conduct business in  
27 California.

28 8. A. Defendant, Herbalife, is hereby ordered to pay  
to Plaintiff, State of California, the sum of \$850,000.00, as

1 and for reimbursement to plaintiffs for costs, attorneys  
2 fees, expenses of investigation and other expenses and pur-  
3 suant to Business and Professions Code Sections 17206 and  
4 17536.

5           B. Payment is to be made at the office of the  
6 Attorney General of the State of California, 110 West "A"  
7 Street, Suite 700, San Diego, California 92101. Payment, if  
8 made by check, is to be made to the order of the California  
9 Attorney General. Payments shall be made according to the  
10 following schedule:

11	1. Upon Filing of Judgment	\$75,000.00
12	120 Days After Filing	75,000.00
13	First Period	\$150,000.00
14	2. December 15, 1987	\$50,000.00
15	April 15, 1988	50,000.00
16	August 15, 1988	50,000.00
17	Second Period	\$150,000.00
18	3. October 15, 1988	\$35,000.00
19	December 15, 1988	35,000.00
20	February 15, 1989	35,000.00
21	April 15, 1989	35,000.00
22	July 15, 1989	35,000.00
23	Third Period	\$175,000.00
24	4. October 15, 1989	\$35,000.00
25	December 15, 1989	35,000.00
26	February 15, 1990	35,000.00
27	April 15, 1990	35,000.00
28	July 15, 1990	35,000.00
	Fourth Period	\$175,000.00
	5. September 15, 1990	\$40,000.00
	December 15, 1990	40,000.00
	March 15, 1991	40,000.00
	June 15, 1991	40,000.00
	September 15, 1991	40,000.00
	Fifth Period	\$200,000.00

C. Two Hundred Thousand Dollars (\$200,000.00) of  
said \$850,000.00 payment is to reimburse the California

1 Department of Health Services for its attorneys fees, costs  
2 of investigation and other expenses; said Department shall be  
3 entitled to one-quarter (1/4) of each payment received until  
4 the full amount of its said reimbursement is received by it.  
5

6 D. If defendant Herbalife is more than twenty-five  
7 days late in making any scheduled payment the entire unpaid  
8 balance shall be due and payable if thereafter and within  
9 five days after Herbalife receives written notice of its  
10 failure to make such scheduled payment it further fails to  
make the same.

11 9. Defendant Mark Hughes is hereby ordered to post  
12 security with plaintiffs in the amount of \$400,000.00, or in  
13 the aggregate amount due to plaintiffs pursuant to Section  
14 8, above, whichever amount is less, from time to time. In the  
15 event defendant Herbalife defaults in any payment due pursuant  
16 to Section 8, above, plaintiff may collect from said security  
17 the amount due pursuant to this judgment, to a maximum amount  
18 of \$400,000.00. In no event shall the amount paid by defendant  
19 Herbalife and the amount collected by plaintiff from the  
20 security posted by defendant Hughes, exceed the total amounts  
21 to be paid pursuant to Section 8, above. Such security may  
22 consist of cash, cash equivalents, personal or real property,  
23 marketable securities, or appropriate sureties. If during  
24 the course of the payments required to be made hereunder,  
25 plaintiff and Mark Hughes agree to a substitution of security  
26 designated above, such new security as agreed upon may be  
27 substituted.  
28

10. To insure compliance with the injunctive provisions

1 of this judgment, defendants shall give a full copy of or a  
2 summary of the injunctive provisions of this judgment to each  
3 officer and each director, who controls, manages, directs or  
4 otherwise takes part in developing advertisements for defen-  
5 dants' products or defendants' marketing plan. Defendants  
6 shall report to plaintiffs on compliance with this Section  
7 within thirty days after entry of judgment.

8 11. In the event that plaintiff or their counsel become  
9 informed and believe that defendants are violating any pro-  
10 vision of this judgement, prior to initiating any enforcement  
11 action plaintiffs, through the office of the attorney general  
12 to which payments hereunder are last made, shall give defen-  
13 dants written notice by mail or otherwise of the nature of  
14 the alleged violation and thirty days to undertake correction  
15 thereof. If defendants fail to undertake and diligently  
16 pursue appropriate corrective activities plaintiffs may then  
17 institute such legal action as is appropriate under the law.  
18 Provided, however, if plaintiffs determine, in their sole  
19 discretion, that the best interest of the people of the State  
20 of California require action plaintiffs may proceed with or  
21 without first giving the notice and opportunity to correct  
22 which is provided for herein.

23 12. A. Jurisdiction is retained for the purpose of  
24 enabling any party to this final judgment to apply to the  
25 court any time for such further orders and directions as may  
26 be necessary or appropriate for the construction or carrying  
27 out of this final judgment, for the modification of any of  
28 the injunctive provisions hereof, for the enforcement or

1 compliance herewith, for relief herefrom, and for the punish-  
2 ment of violations hereof.

3           B. The right to seek relief pursuant to this  
4 Section 12 shall include the right to seek to have the injunc-  
5 tive provisions of this judgment terminated as to either or  
6 both defendants because, for example, the defendant's conduct  
7 has for a sufficient period of time indicated that the public  
8 interest does not require the continuation of this injunction.

9           C. (1) If any proceeding is initiated or sought to  
10 be maintained by or against a defendant hereto pursuant to the  
11 provision of this Section 12 or any other provision of this  
12 judgment the venue therefor shall be determined in accordance  
13 with generally applicable law for a period of one year after the  
14 date of this judgment, after that period the venue therefor  
15 shall be in the Superior Court of the County of Los Angeles  
16 and, upon motion of any party or upon the Courts own motion the  
17 venue shall be so transferred.

18           (2) A motion to change the venue of this action  
19 to the Superior Court of the County of Los Angeles may be  
20 made at any time.

21           13. Whenever, by the express terms of this judgment,  
22 a notice shall or may be given to a party, such notice may be  
23 given to the party's then current attorney of record or to  
24 the party itself.

25           14. This final judgment shall take effect immediately  
26 upon the entry thereof.

27           15. The Clerk is ordered to enter this final judgment  
28 forthwith.

1 Dated: October 14, 1986  
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4

*OBSJ*

5 JUDGE OF THE SUPERIOR COURT  
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